

ASX ANNOUNCEMENT

AN1 – NEW LEADERSHIP DRIVING BUSINESS TRANSFORMATION

SYDNEY, Wednesday, 16th March 2022: Following recent leadership changes, CEO Matthew Dudek and the senior management team have commenced a strategic review prioritising key initiatives to build revenue and reduce unnecessary operating costs to improve profitability and operating cashflow. Since appointment these changes have resulted in immediate forecast annualised savings greater than \$1 M.

AN1 will finish FY22 with a strong foundation for future profitable growth following the acquisition of BLC Cosmetics and reset of its existing business strategy. FY22 profit is likely to be impacted by one-off costs associated with structural changes, however the full year contributions of BLC and annualised cost savings are expected to significantly improve FY23 profitability following a difficult period for AN1's existing Advangen consumer business caused largely by COVID19 and regulatory changes in China.

Some of the benefits arising from these immediate initiatives are highlighted as follows:

- **Business integration with BLC Cosmetics** – As part of accelerating the integration of BLC, Advangen's 3PL operations were successfully merged into BLC's warehouse. Other core business functions are being reorganised to a combined resource base to realise savings as soon as possible.
- **Employment and operating cost initiatives** – numerous cost saving initiatives have been identified and commenced to provide immediate benefits. Combined, the value of these savings is estimated to annualise to in excess of \$1M.

In addition to these changes the Group continues to refine and develop its revenue strategy:

- **China** – Despite difficult and challenging market and regulatory issues over FY22 relating to mainland China, Advangen's évolis sales strategy targeting the China export market has begun to show benefits with \$0.3m recent sales orders being placed through our local trade partner, to be sold on Tmall Direct and JD Direct (two of the largest platforms in China reaching up to 80% of consumers). We expect export activities to continue to improve in FY23 after two years of disruption.



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- **New product development & product pricing** - New product development initiatives continue to be prioritised leveraging our unique patented technology assets. Recent additions to our product range, “Let There be Hair” supplement, has seen sales volumes grow steadily and is now our No.2 selling product offering sold on our Australian website. This product has also been successfully driving new subscriptions and brand loyalty. The product will be launched in USA over the next few months. Concurrently, we also have up to nine (9) products that will feature technology upgrades. These new formulations once launched in FY23 will be positioned across various channels and revised price points to grow diverse revenue streams.
- **Technology White Label* strategy** - The Group will also redeploy existing resources concentrating on the “White Label” revenue channel which has potential to be a highly scalable source of margin following recently announced deals with PUMP Haircare and O&M.
- **BLC Cosmetics** – the acquisition of BLC in November 2021 has significantly contributed to the Group’s overall revenue and assisted profitability in FY22. BLC sales performance continues to exceed prior year and as noted, the full benefit of revenue initiatives and cost savings synergies are expected to be realised from next financial year once the business is fully integrated into the Advangen consumer business.
- **Mergers and acquisitions** – With the Group setting a foundation for profitable growth in FY23 and a strong cash balance it will be well positioned to pursue complementary M&A with the support of its strategic shareholder Hancock & Gore Limited.

Further updates will be provided closer to the end of FY22 as the strategic review is finalised and financial impacts are clarified.

Approved for release by the Board of Directors.

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*White Label: A product manufactured by Anagenics which is rebranded and sold by another company.



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Anagenics Limited (ASX: AN1)

Anagenics is a health and beauty-tech business growing shareholder value through the global distribution and sales of its proprietary brands of differentiated, clinically validated anti-aging and solutions and the exclusive distribution of Australian and international cosmeceutical and wellness brands. For further information, please see www.anagenics.com www.evolisproducts.com.au and www.blccosmetics.com.

Forward looking statements

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Anagenics to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of marketing and sales activities and competition.



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